

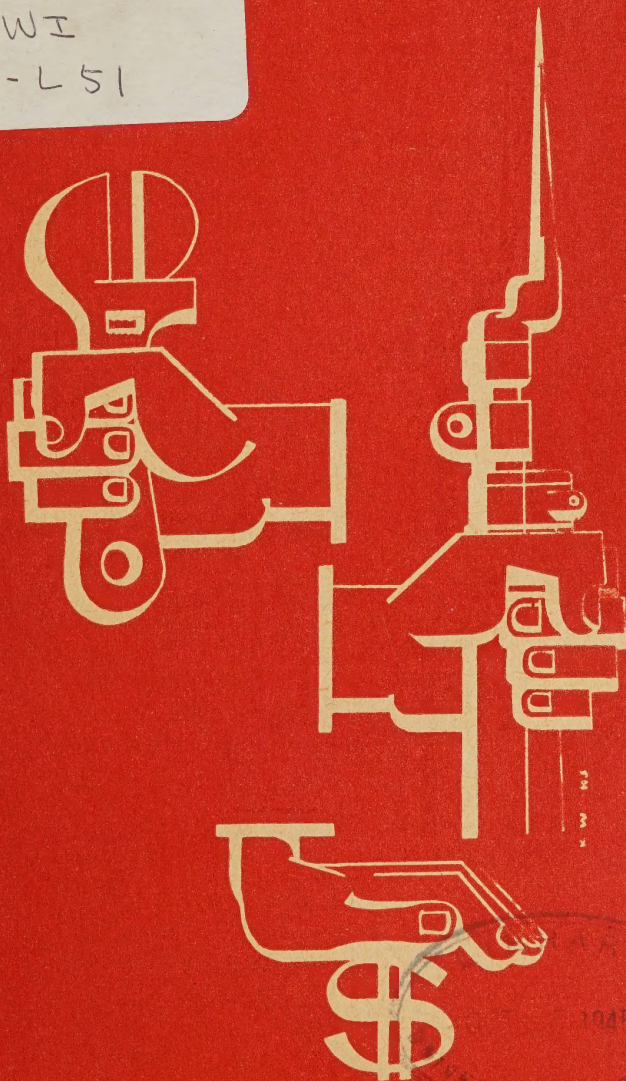
LOOKING AHEAD

CANADIAN POST-WAR AFFAIRS: DISCUSSION MANUAL No. 2

Government
Publications

THE JOB WE'VE DONE

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The Job We've Done is the second topic for discussion by Canadian servicemen and servicewomen in **LOOKING AHEAD**. The ways in which this material may be used have been outlined at some length in the first discussion manual, *Home As We'll Find It*. If by chance you missed that material, you may save time and effort for all concerned by looking it up *now*, before you proceed to discuss this second set of questions with your group.



LOOKING AHEAD, a series of pamphlets dealing with Canadian post-war affairs, was prepared by the Wartime Information Board at the request of the Directors of Education of the three Services. The material is meant for *discussion* by servicemen and servicewomen headed for home. These pamphlets, like the regular *Canadian Affairs* which they supplement, have been compiled by members of the Armed Forces.

June 1945

INTRODUCTION

What is the Point in Looking Backwards?

The first series of discussions in this course had to do with the various problems the returning serviceman may have to tackle by himself. We've said enough about his family, friends and job. He does not need any outsiders' help in these personal matters beyond some hints that many others like him have found useful. If he does want help he will know where to go for it while he is in the Service. Once back in civilian life, his fellow citizens and the Department of Veterans Affairs in his home district are at his service.

Then why more discussions? The strongest among us knows that single-handed he could not protect his family, keep his friends and preserve his wealth from war and depression. From our experience this last seventy months or so, we know how to work together to gain freedom from fear. We also seek freedom from want.

How shall we apply our wartime experience to gain this end? First, let's remember that each one of us, each unit, each Service, each nation had the chance to see only a part of the total war.

Before we can use the war experience as a guide to our next goal, we may profitably take a few discussions to sum up the Canadian share of the war as a whole.

From that experience we can derive assurance that where there's a will, there's a way to surmount our post-war difficulties—an equally effective way for us to tackle the coming jobs together.

What shall we Look Back at?

We shall have time only for a very summary view of the over-all war effort. (At the end of this manual are listed some sources of more detailed information.) For the sake of orderly discussion, the record is considered under five broad headings:

1. The Armed Forces.
2. Our Place in the United Nations Team.
3. War Supplies.
4. War Finance.
5. Can We Keep It Up?

What Part have the Forces Played in Canada's Rise in the World?

HOW A NATION RISES

Before the war Canada was one of the lesser nations. Not a bantam-weight perhaps, but certainly no more than a welter. Since 1939 she has stepped up several notches. How a nation rises from the ranks is interesting. It hasn't to do merely with population and physical size. It depends much more on the punch it throws—in war, in production, in trade, in the meetings at which it comes in contact with the other nations.

And—let us harbour no idea of false modesty—the job which we have been doing in the Navy, the Army, and the R.C.A.F., accounts for no small part of our country's rise in the world.

Many of us have had first hand evidence that the name of Canada stands higher in Britain, Holland, Belgium, France, Italy and Norway than ever before. The same is true throughout the world.

Meet the Navy

BEFORE THE WAR

"A bath-tub navy." That is the term they used in referring to the R.C.N. before the war. Seventeen ships and 1700 men.

TODAY

But that was a start. By 1945 there were 900 ships, 90,000 men, 6,000 women. What was at first to be only a protective force expanded into a balanced navy with cruiser and carrier striking power.

THE JOB

Of the 900 vessels, 370 were combat ships. The principal job was to protect the North Atlantic convoy route, the main supply line for the United Nations. Soon the navy was providing about half the escort vessels used there. Cargo escorted: 181,643,180 tons.

Put that another way. Half the .303 rounds, shells, bombs, planes, radar sets, and foodstuffs we used, were shepherded over by the Navy. It was a race between

perfection by Jerry of his terror-weapons and our build-up for D-Day.

As an example of the navy's work, look at its activities in the summer of 1944. The long periods of watching were then more liberally punctuated by sharp strokes of action. In that year the Royal Canadian Navy:

1. Provided 100% of close escort for all North America-United Kingdom trade convoys.
2. Made up approximately 30% of all support forces in the North Atlantic.
3. Escorted the largest convoy of the war — 1,000,000 tons of cargo—safely to a British port.
4. Took part in pre-invasion and invasion operations on the shores of the Mediterranean, the Aegean, the Adriatic and the English Channel, to the tune of over 100 ships and 10,000 men.
5. Participated in actions in which 68 enemy ships and submarines were sunk.

Add to this a record of service in every theatre of war—from Athens to Attu, from Melbourne to Murmansk. And don't forget the thankless, but necessary job of guarding 20,000 miles of the coast of Canada, Newfoundland and Labrador.

—and the Merchant Navy

Canadian merchant seamen have been shuttling back and forth to the war fronts of the world since the outbreak of war. In the face of concentrated attack by enemy submarines and planes they have transported food and war supplies to the United Nations.

They have shared in the evacuation of Dunkirk, Greece, and Crete and taken part in the allied attacks in North Africa, Sicily, Italy, Burma, France and other fronts.

The value of the part played by the Merchant Navy can only be appreciated when one realizes the vast amount of materials transported overseas by Canadian vessels. One ship left a Canadian port laden with enough motor transports to equip a battalion of infantry; several thousand tons of vital war materials in-

AID TO ARMY

**CARRYING
SUPPLIES**

cluding enough aluminum to manufacture 640 fighter aircraft; 1,000 tons of bombs; enough food to feed an army of 25,000 men for one week; lumber for rebuilding damaged areas; and a few landing craft lashed to the deck.

Today Canada has nearly 300,000 tons of merchant shipping—about ten times as much as in 1939. Nearly 1,000 crew members have lost their lives in action while scores have been decorated for valiant service at sea. For some months after the defeat of Japan, as now, the uses to which Canadian ships are put will be determined by an international Maritime Council.

This is the Army—

In 1939 three Permanent Force infantry regiments: 4,800 men.

SIZE

In 1945 five divisions in the field, two Armoured Brigades, plus supporting forces—in all 460,000 men, 20,000 women.

These are the figures, but they don't tell the story. That lies deep in memories which are awakened by such names as Hong Kong, Dieppe, Ortona, Cassino, Caen, Falaise, the Scheldt, Groningen.

That's just the beginning. Look at these newspaper headlines:

ACTIONS

FIRST CONTINGENT LANDS IN U.K.

Canadians Arrive Overseas

Less Than Four Months

After Declaration of War.

CANADIANS FIGHT AT HONG KONG

3,000 Dominion Troops Face Japs.

DIEPPE TOLL REACHES 3,350

FIRST DIV. IN HEAVY SICILY FIGHTING

CANADIANS BATTLE FOR ORTONA

THIRD DIVISION HEADS NORMANDY

BEACHHEAD ASSAULT

CANADIAN FORCE ENTERS CAEN

FIRST CANADIAN ARMY DRIVES FOR FALAISE

Second And Third Divisions
And Fourth Armoured Division
In Battle Together For First Time.

CANADIANS CLEAR SCHELDT

CANADIANS STRIKE IN HOLLAND

CDN. PARATROOPS SWEEP INTO GERMANY

Add to that the years of waiting in Britain; the work of the First Canadian Corps, composed of the First Infantry Division, the Fifth Armoured Division and the First Armoured Brigade, in driving the Nazis from Italy; and the drive into Germany. You still only have a hint of the action our army has seen.

The Air Force Show

First, the figures.

In 1939, 4,000 men. At top strength in 1944, a force of 204,000 of which 50,000 were aircrew, and 15,000 were members of the Women's Division. **STRENGTH**

Canada's fliers, who comprised nearly 1/3 of all air crew under British tactical command in the European and Mediterranean theatres, have fought the enemy throughout the world either in their own squadrons or as part of British units. Take their activities in the summer of 1944 as an example.

During June the R.C.A.F. group made 3,000 sorties, dropped 10,000 tons of explosives. **A SUMMER'S WORK**

More than 1,000 Canadians took part in a single raid on Hamburg.

Between D-Day and the end of June the R.C.A.F. destroyed more than 80 enemy aircraft, one destroyer, several E-boats.

Add the devastating attacks made on the German transportation system, air fields, shipping, cities, robot bomb bases, and enemy troops.

As well, Canada was the largest and principal producer of aircrew for the British Commonwealth forces. More than half the graduates in all British air forces

were air and ground crew trained in the Dominion—an average of nearly 45,000 a year, for the first five years during which the British Commonwealth Air Training Plan was in operation.

These bare facts and figures don't begin to tell the story of the part Canadians have played in fighting the war. They do indicate that our forces—nearly a million strong—have pulled their weight.

Other countries know this. They recognize Canadians as among the best of sailors, soldiers and airmen. They know that in action we give a good account of ourselves. As a result when the leaders of the nations meet together they listen to the people who speak for Canada.

QUESTIONS

1. The increased weight given to Canada's opinions in world affairs is in part due to the record of her fighting services. What size and type of Army, Navy and Air Force do you think Canada should maintain after the war?

2. To what extent would the character and size of our permanent forces depend on the growth and effectiveness of collective security and of the world peace organization?

3. Some people urge a year or some other period of compulsory military service in peacetime. Do you agree? What sort of training should be given in that period of time?



A PLACE IN THE UNITED NATIONS TEAM

2

What has the War done for Us?

New skills and new degrees of self-reliance and resourcefulness have come to many servicemen as the results of their war experience. We have already mentioned that some of these men will do better jobs because of their new skills—and each of them will find his greater ingenuity a first-class asset in a civilian job.

**BETTER ABLE
TO DO A JOB**

Most servicemen have also done things that will not help them to make more money, but which they are glad to have experienced for their own satisfaction. They have had a part in a big "show", have been in any number of scrapes when all in sight were working together for all they were worth—literally. It is good to belong to such a team.

**EXPERIENCED
100% TEAM
WORK**

Besides, we discovered that no matter how strange people are, no matter how little one knows of their language, no matter how extraordinary their land and their ways, we can get along beautifully with them so long as we are all clear on what we chiefly want—and are all prepared to work hard to get it.

**WHAT COUNTS
IN COLLEAGUES**

Can these Lessons be Applied after the War?

In war we have become clearer on what we want: the destruction of a very powerful group who were imposing inequalities, oppression, tyranny on much of the world. Ending that threat in its black-and-brown shirt versions is a big achievement. But from the years between 1918 and 1939 we learned that it takes continuous watching to be sure that threats of this kind do not grow again.

**PEACE DOES
NOT STAY PUT**

Watching and moving to prevent them is less ex-

**CURE OR
PREVENTION?**

citing than rushing in at the last minute to save the world. You may think that to be a great surgeon is more exciting than to be a school doctor who tells parents and children how to keep well. But every day the surgeon sees misery which could have been avoided if the patients had known what the school doctor is prepared to teach—and the surgeon would be the first to acknowledge that fact.

Will Canadians help to end Wars?

**OUR CHANCE
TO OPERATE**

Canadians in this war have had ample chance to help cut out the canker of fascism and Nazism; and for our size we have cut no mean incision. We are more eager, as a result, to prevent new cankers from growing to the danger-size in the future.

**OUR CHANCE
TO BE
CONSULTED**

How good is our advice on war-prevention going to be? Probably, like the surgeon, Canada will find her influence in the convalescent period proportionate to her whole contribution to the operation. Having reviewed the main operations, we had better look into the contribution made by Canada since 1939 outside the operating theatre. It too has done a good deal for our prestige.

**A GOOD
NEIGHBOUR**

Apart from performance of specific jobs, a country earns its place among the nations very much the way a man rates among his friends. If they pay attention to what he has to say, ask his advice on matters of importance, and perhaps come to him for help in time of need, then we know he is admired, respected and trusted. A trustworthy nation is a community of trustworthy men and women.

By these standards Canada stands high among its neighbours in the world community. Since 1939 other nations have looked to Canada for advice and assistance to a greater degree than ever before. Our representatives have taken an increasingly important part in meetings of the nations.

What Natural Assets have we used?

Canada's rise in the world is partly the result of our natural wealth and our lucky geographic position,

which has kept us relatively free from enemy attack. POSITION
Where other countries have had their factories destroyed by enemy bombs, Canada has been able to attain in safety a greater production than ever before.

Our geographic position, as an essential part of what Roosevelt called "the arsenal of democracy", gave us the chance for wholehearted co-operation in joint production schemes, and in the assembly and transmission of lend-lease goods and weapons. (Nearness to U.S. factories made "cash-and-carry" legislation a working boon to the Commonwealth in our darkest hour, before the days of lend-lease.) Canadians on the seas, in the air and in the British Isles then saw to it that these weapons got where they would do most good—to the enemy's fortress.

Canada is able to produce far more food and war material than our own forces need. (We shall look more closely at the way this was done in another discussion). About 70 per cent of our total output of war goods has been available for export to other countries. ABUNDANCE
Between 6 and 7 billion dollars of a war production total of 9 billions, had been shipped to the other United Nations by the spring of 1945.

What is Mutual Aid?

Assistance has been given to the other members of the United Nations in the form of Mutual Aid, which is Canada's method of sending war supplies where they are most needed. An agreement has been reached between Canada and each of some half dozen other United Nations, setting forth the amount of Canadian munitions, foodstuffs and raw materials, surplus to Canada's own requirements, that will be made available to the ally in question. Each nation with which we have such an agreement pays as much as it can. The remainder of the designated material is delivered under Mutual Aid. The idea is simply that it is as necessary to provide materials to the common cause as it is to provide men.

The Mutual Aid portion amounted to 800 million dollars in 1944-45. This was the sum which Parliament

THE AMOUNT

voted to buy goods from Canadian farmers and war industries—goods which were turned over without charge to Britain, U.S.S.R., Australia, China, France and our other allies.

But Mutual Aid works two ways. It gives our allies assistance in the common fight—and in getting back on their feet—and it helps to maintain employment in Canada as well.

Over 2 billion dollars worth of goods had also been sent to Great Britain in the years before Mutual Aid was broadened. While this has been described as a gift, that is not wholly correct.

The other side of the story is that each year the British have supplied our forces with great quantities of food and other goods. The big idea is to make production most effective in the common cause. Exact book-keeping is almost impossible in war. It is also irrelevant—we all suffer if supplies fail any one group.

How will the World get Enough to Eat?

For the two billion people on this planet to get a healthy amount of calories and vitamins, the world production of food will have to be a great deal larger than it is. That can be done, but it will take time. In the meanwhile, sharing the present world food supply more evenly would be an important step forward. This was the first problem tackled by the United Nations in a full-dress meeting at Hot Springs, West Virginia, in May 1943. Representing as they did, one of the world's leading food producers, Canada's delegates played a primary part. They pointed out that the chief barriers to better food distribution were man-made obstructions like tariffs. A Canadian, L. B. Pearson, was appointed by the conference to head the group of delegates charged with drafting a plan for a permanent United Nations Food Council. (Later, in Washington, he was promoted from First Minister to Canadian Ambassador.) He laid emphasis on the *welfare* rather than the *rights* of men. "Peace", he said, "sits uneasily on an empty stomach."

How does UNRRA Work?

The new part Canada is playing in world affairs is also illustrated by its activities in the United Nations Relief and Rehabilitation Administration (UNRRA) which was set up to relieve suffering in liberated countries and to assist in getting them back on their feet again.

PURPOSE

UNRRA looks to Canada as one of the few countries of the world with a large food surplus, for a substantial part of its food supplies. Canada is also sending to the liberated countries, through UNRRA, agricultural machinery, clothing, and many other articles.

CANADA'S
PART

By so doing Canada is helping both its neighbours and itself. The sooner standards of living rise in other countries, the sooner those countries will be in a position to buy the refrigerators, radios, and autos which Canada will make in abundance, after the war.

UNRRA has another importance for Canadians. At the first UNRRA meeting Canada objected that under the proposed organization an executive committee of the Great Powers would run the whole show while a general council of all the nations would have nothing at all to do.

Canada's point of view was that a nation should be represented in an undertaking in accordance with its stake in it. Someone referred to this idea as "functional representation" and the name has stuck.

"FUNCTIONAL
REPRESENTA-
TION"

Applied to UNRRA this means that Canada, as the chief source of supply next to the U.S., should assume responsibility in keeping with its contribution.

The contribution in cash is one percent of the national income of each member nation. Canada's share is \$77,000,000. But UNRRA will probably spend more in Canada than we subscribe as members.

While an executive committee of UNRRA composed of Britain, the U.S.S.R., the U.S. and China finally was established, it was held responsible to the general council for its actions. And the power of this executive committee was supplemented by a committee on supply which significantly had a Canadian for chairman.

CANADA WINS
A POINT

Who gave the War Orders?

COMBINED BOARDS

The new position of Canada has been recognized by Canada's good friends, the U.S. and Great Britain. In the fields of *defence, economics, and war production* these three have joined forces to co-ordinate their war programs.

PRODUCTION

FOOD

As members of the Combined Production and Resources Board they have planned together their production program in line with the needs of war and their individual resources. Together in the Combined Food Board they have similarly planned the production and the use of food. Canada and the U.S. have also worked together in the Permanent Joint Board on Defence for the security of the two countries.

What happened at Chicago Air Meeting?

A good illustration of Canada's increased international importance was afforded by the International Civil Aviation Conference held in Chicago in November, 1944. Some months before, Canada had been the first nation to propose a world air transport plan.

DISAGREEMENT

At a subsequent meeting experts from Britain and the U.S. had disagreed on a scheme for post-war aviation. When they arrived at Chicago they were no closer to bridging the gap.

CANADA AS GO-BETWEEN

Canada stepped in at this point with a program designed to solve the British and American difficulties. The result was that the Canadian proposals were accepted as a basis for discussion.

WORLDWIDE VIEW

The comment of Adolph Berle, Assistant Secretary of State and head of the U.S. delegation on this occasion, is significant.

The reason you Canadians can throw your weight around here is that you have a carefully worked out plan. That plus the fact that you have not only a national interest but a world interest in view.

It was not by accident that when the time came to choose a seat for the International Air Authority, set up as a result of the Chicago Conference, a Canadian city (Montreal) was selected.

Will our Jobs end because Nations are Hard Up?

When a plan was needed for meshing the world's financial gears, Canada was once more the author of one of the draft proposals.

A United Nations conference to discuss methods of handling the world's financial problems after the war was held at Bretton Woods, N.H., in July 1944. Our contribution was similar to the one we were to make at Chicago. When the British and Americans turned up with plans which differed in important respects, the Canadians formulated suggestions to help bring the two together.

**INTERNATIONAL
BANK AND FUND**

The result was that the final proposals contained a number of the Canadian suggestions. This is not surprising, because in few other manufacturing countries will full employment at home depend more upon the success of schemes for promotion of world trade. The International Bank and Fund, which the Bretton Woods meeting proposed, are meant to facilitate trade between nations.

What shall we do to Make Peace Workable?

Just as the last round of the fight in Europe began, the representatives of nearly fifty United Nations met in San Francisco to establish an organization to secure lasting international peace. The United Nations Conference on International Organization did not meet to decide the disposal of the enemy nor to draft a peace treaty. Its business has been to lay down the procedure for settling future differences.

UNCIO

The Canadian delegation, over a dozen in number and representing both Houses of Parliament, the three major parties, and the Department of External Affairs, contributed substantially to the work of the many committees on security, economic and legal questions. It is worthy of note that Canada was one of the fourteen nations elected to the executive committee of the Conference. For the first time (since we earned our spurs

**CANADIAN
DELEGATION**

SIGNIFICANCE

as a world-minded people, with official spokesmen abroad to express our convictions, and a military accomplishments to show the depth of those convictions), we met on these very important questions with all the other United Nations. Canada has again supported Functional Representation in the Economic and Security Councils.

IN FUTURE

How did our contribution here measure alongside our achievements at sea, in the air, in the armies of liberation, and at home? Canadians owe it to themselves and to the rest of the world to follow these questions closely, even when the meetings of world-famous celebrities no longer hold the limelight.

How is everyday International Business done?

Canada's new interest in international affairs is also indicated by the increase in the number and rank of our diplomatic representatives. The diplomats, who act in our behalf abroad, were to be found in only six countries before the war.

EXCHANGE OF AMBASSADORS AND MINISTERS

Today Canada has twenty official representatives in other countries. While before the war no representative of Canada in a foreign capital was accorded the top rank, Canada now has nine Ambassadors. Sweden and Turkey are among the states who have taken the initiative in arranging exchange of diplomats to conduct their growing business with the Canadian government.

It is not meant to suggest that Canada is now given equal membership with the Great Powers in every matter. But it is now generally recognized that Canada has important tasks in international affairs; and that to carry them out Canada's representatives—diplomatic and commercial—should have greater authority in many foreign capitals, and their official representatives have similar status in Ottawa.

Because of the part played by our armed forces and by the workers at home, Canada has risen from the ranks. It is now a country of substantial importance with a growing stake in what is going on in the

world. Canada's representatives can only do their job abroad—whether it is military or civil—to the extent to which the majority of Canadians at home are prepared to back them up. Anybody who had a job to do overseas knows how he can be balked by ignorance, apathy, or short-sightedness on the home front.

QUESTIONS

1. *What factors affect the world standing of a country?*
2. *Why do you think that Canada's prestige has increased during the war?*
3. *Is this new level likely to last? What can prevent Canada from holding her present position?*
4. *Canada produces more of some things than her population and armed forces need. Does it pay us to make loans to other countries so they can buy our surplus? Or should we cut our production for export to the amount other countries can pay for?*
5. *Do you know how your "board and keep" in the U.K. was paid for? How did you learn this?*
6. *Can you describe what UNRRA is? How is Canada's contribution calculated?*
7. *What good do we get out of it?*
8. *Has Canada a say in the running of UNRRA?*
9. *Is Canada's increased importance merely in our own imagination? Why did you think so?*



How much did Canada Produce for War?

INDUSTRIAL DEVELOPMENT

The biggest change in Canada which has taken place since you went away is the one you probably won't notice at first: the change in the things Canadians do and make. So important is this change that it will affect the lives of all of us. In many cases it will decide the kind of jobs we will get and the training we will need to get them.

First let us look at *what* has happened to the economic life of Canada, and then at *how* it happened. In the past five years the country has bounded from its place as a third rank industrial nation into one of the leading manufacturing powers of the world.

FOURTH IN PRODUCTION

Among the United Nations it ranks next in production to the U.S., Britain, and the U.S.S.R.

SECOND IN EXPORTS

In wartime exports it stands second among all the nations.

With 1/14th the world's surface and 1/188th the world's population, it takes first place in production of many important commodities and stands near the top in many others.

AS WE WERE

Recall the Canada we left. It was a great food producer. It was a great source of supply of the raw materials from which goods are manufactured. While manufacturing was becoming increasingly important it was largely manufacturing of an assembly type. That is, parts were shipped to Canada to be fitted together to form the finished products.

AS WE ARE

But it's different now. Canadian workers make thousands of articles which they never made before, and they make them from start to finish. Moreover, they make them in staggering quantities.

Let's have a few Figures

At the peak of war production a vehicle was turned

out every three minutes in a Canadian factory. One plant alone can produce enough universal carriers every day to equip a battalion and sufficient in two weeks to outfit a division.

SOME
PRODUCTION
FACTS

Canadian shipyards, which between the two wars did not build a single sea-going merchant vessel, launched 360 merchant ships, 400 warships, and thousands of smaller craft.

In 1944 Canadians produced more aluminum than the whole world used in 1939. A Canadian company can now produce in 10 days all the optical glass that the Dominion used in a year, before 1939.

Those few facts will do to indicate the extent to which industry of all kinds has expanded in Canada during the war. It is no exaggeration to say that in relation to the manpower and natural resources of the country, Canadian production compares favorably with that of any other nation.

Almost half of the Canadian production has been devoted to war materials. The products include a large proportion of the weapons and equipment used in air, land and sea battles.

WAR
MATERIALS

The factories have turned out all types of army equipment. This includes a million rifles (two types), 400,000 machine guns (five types), trench mortars (two types), anti-tank guns (two types), 3,600 tanks, tank guns (two types), light and heavy anti-aircraft guns, and field guns.

FOR ARMY

For the navy: all sizes of vessels up to destroyers, 40 types in all, in addition to clothing and equipment. The air force flew 15,000 Canadian-built trainers, fighters, bombers, and reconnaissance planes. All services used Canadian ammunition: 21 kinds of shells—60,000,000 in all; two types of bombs—35,000,000 altogether; and 11 types of small arms ammunition—totalling four and a half billion rounds.

NAVY

AIR FORCE

In other fields besides manufacturing, production has also greatly increased. Canadian farmers came through with 36 per cent more produce in 1944 than in 1939, despite the fact that 300,000 men left farms for the services and war plants.

FOOD

In the case of agriculture, it has not been so much a matter of expansion in the sense of bringing more land under cultivation, as of intensification. The increase was particularly marked in such products as pork, beef, cheese, milk, eggs, butter and flour.

As if they realized the nature of the national emergency, the cows of Canada gave more milk and the sows farrowed more piglets. Even the hens stepped up production from an average 111 eggs a year to 112!

Where did the Surplus go?

U.S.S.R. The U.S.S.R. received thousands of tanks, universal carriers, naval guns, Bren guns, anti-tank rifles, small arms, and great quantities of ammunition, machine tools, boots, gloves, textiles, clothing, personal equipment, metals, wheat and flour.

CHINA To China went 25-pounders, Brens, rifles and ammunition.

GREECE Greece got medical supplies and millions of bushels of wheat.

U.S. The U.S. took components of various munitions, ammunition, secret electrical devices, and base metals, while Britain obtained Canadian goods of all descriptions by the convoy-load. Canada and the U.S. still pay each other. Canada does not receive U.S. Lend-Lease.

COMMON-WEALTH India, South Africa, New Zealand and Australia all received large quantities of war material. Much of this equipment was shipped without charge to our allies under Mutual Aid. (For further discussion of Mutual Aid see page 11.)

How was the Nation's Work Organized?

This production was not achieved over-night merely by placing a few orders here and there. Actually it wasn't until after the fall of France in 1940 that Canadians had any indication of the role they were to play as the manufacturers of war materials.

Up to then the idea was that Canada's industrial role in the war would be to produce equipment for its

own troops and a limited amount of material for the United Kingdom as well. At that time Canada did not have the plants or the trained workers to do anything more.

Dunkirk changed all that. Increased British orders made it clear that Canada would have to produce practically everything in the ordnance books. Soon contracts were being let for types of vehicles, ships, aircraft and guns which few Canadians had ever seen, let alone built.

The expansion of industry which resulted took a great deal of planning. Scores of scientists, engineers, economists and industrialists were taken from private offices and the universities and drafted into the national production-planning staff, reporting to the public through the Department of Munitions and Supply.

PLANNING

Factories mushroomed throughout the country. Where the necessary plants did not exist they were built. Idle ones were re-opened. Some were converted: a bicycle plant made aircraft parts; a refrigerator plant made machine guns; a locomotive shop became a leader in North American tank fabrication, on top of its regular work.

MANUFACTURING

The result was that in four years of war Canadian manufacturing grew as much as in 25 normal years.

The farmers and the primary producers—miners, loggers and fishermen—had their part in the program as well as the workers in cities and in towns. A great conversion scheme was launched to bring the farms into line with the demands of the war.

FOOD AND FIBRE

The Dominion Government gave a two-dollar bonus for every acre of wheat land which was turned to coarse grains and soon there was enough feed for the growing cattle and hog population. Cheese and flour factories increased production and new factories for farm products appeared.

To the dismay of hundreds of thousands of servicemen (and the approval of those concerned with getting supplies across the North Atlantic), drying plants for eggs, milk and vegetables, were rushed to completion. The result of the dehydrating process was a 75 per

POWDERED FOOD

cent saving in shipping space; that is, four times the amount of food got to the United Kingdom.

SEAFOOD

Canadian fishermen harvested the seas for increased catches to replace those of British fishermen who now had to fish for mines.

LUMBER

Loggers cut more timber for use in airplane production, defence buildings and many new wood products. The camps you occupied in Britain were probably built of Canadian timber.

PAPER

This was a war of ideas. No modern operation can be organized without tons of paper. (This is why the Germans took such care with paper supplies in occupied countries.) Canada is the leading exporter of paper and paper-making materials, sending them to some forty other nations.

MINERALS

In mining there was increased production of metals needed for war. The discovery and extraction of metals which Canada had scarcely mined before—such as tin, tungsten, molybdenum, chrome, manganese and mercury—was stimulated.

How were the Factories Peopled?

GROWTH OF WORKING FORCE

This increased production was brought about by having more men and women work more hours than ever before. From a start of 3,700,000 workers in 1939, employment increased until in 1944 there were more than five million employed, including the armed forces. Of this number over 1,000,000 were in war industries.

Supplying the demand for manpower and woman power was not a simple task. The need was largely for skilled labour—machinists, fitters, metal workers, foremen and supervisors. This meant that domestic servants, insurance canvassers, commercial travellers, store clerks, and others in less essential jobs, had to be trained and transferred into war industries.

TRAINING OF WORKERS

To meet this need the government opened vocational training establishments throughout the country while many war factories ran their own schools for workers. Unskilled labourers and housewives took this

training and turned out to assemble aircraft and build ships.

Today Canada's industrial population is as highly skilled as any in the world. It has been proven that our people can produce anything to which they set their minds and hands.

Why was our Industry Streamlined?

So far we have looked at the war production score; now it is time to look at the coaching and teamwork that made this result possible.

You will remember that during the first year or two of the war while many of us were still at home, there was little change in the way of doing things. As most of us remember only too well, there were plenty of unemployed men, and unused plants and materials. War orders were filled merely by unorganized responses of competing suppliers. No manpower program or control of employment was used.

That was taken for granted until the resources of the Commonwealth alone were left in 1940 between Hitler and his domination of the free western world. Then it became obvious that unless a change were made there would soon be a disastrous tug-of-war between the expanding armed forces and essential unarmed forces, for the few men who remained available.

Classifying the People

At this point National Registration was made to find out how many Canadians were available to fight and how many to work. The next step was to get all men and women into the positions in which they were most needed and in which they could contribute the most. The provisions devised to achieve this result are known as the National Selective Service Regulations.

EVERYONE IN
HIS PLACE

In effect Selective Service became the only employer in Canada. When a plant manager needed workers he could no longer hire anyone he pleased. When a man wanted work he could no longer take a job where he found it. Instead both employer and worker applied

SELECTIVE
SERVICE

to Selective Service, stating the kind of work or services they had to offer.

Selective Service then put the worker in touch with the employer—that is, if there were no other place in which the worker could pull a greater share of the war load.

MOVEMENT OF WORKERS

JOB FREEZING

Workers found that they must give up personal liberties in order to get the war job done. If men were needed to build an airfield in Labrador, that is where they were sent. Many were kept in their present jobs whether they liked it or not, because that was where they were needed most. Still others were excluded from a wide range of non-essential industries.

Altogether one-third of the adult population of Canada did business with Selective Service. In one year alone this government agency told 2,000,000 workers the jobs they were to do.

There were few who did not submit readily to these rules. The great majority knew that their lot was not to be compared with that of servicemen.

Were the Home Folks under the King's Regulations?

It isn't enough to place several million workers and then place orders for war supplies. If government

During the First Five Years o



*ships to fill 50 miles of wharves
—docked stem to stern;*



*small arms ammunition to fire
two bullets into every living
person in the world;*

regulations had ended at that point, what would have happened? The new workers would naturally enough have spent their earnings on more food, new clothes, radios, automobiles—in fact on all the things of which some had seen too little for too long.

**KEEPING OUR
DOLLARS
HEALTHY**

The result of this spending spree would have been to drive prices up because of increased demand for the scarce civilian goods. Manufacturers would have produced more of the products for which there were good markets and prices. If this pressure were not "contained," war production would suffer.

A complex system of price and wage controls kept a bad situation such as this from developing. Controls were designed to prevent skills and materials needed by war industries from being tapped off for ordinary civilian purposes. Rationing assured every citizen a share of various scarce goods, while price regulations kept prices down and helped to prevent ruinous inflation. We shall hear more of this "economic stabilization" in another discussion.

**A SYSTEM
OF CONTROLS**

These controls were made to induce war production. More directly, the government built munitions plants, established new industries and stimulated private production of war materials in many other ways.

War, Canada Produced Enough:



*lumber to build 2½ million
houses;*



*heavy projectiles to damage or
destroy every dwelling in
axis-held Europe.*

Priorities: Industrial Logistics

To get the quickest possible munitions production it was necessary to guard the supplies of materials on which war industry would have first call, and to direct them where they were needed most. This was done by the Wartime Industries Control Board.

COMMODITY CONTROLLERS

Controllers were put in charge of the stocks of all vital commodities such as oil, machine tools, timber, electric power, transit, and the like. They were authorized to buy and sell, to increase or restrict production of goods or services, in accordance with war needs.

AND THEIR ACTIVITIES

When timber was needed for export overseas for use in building up blitzed areas, the Timber Controller was informed. He then cut off supplies of lumber being used for home building in Canada, if this was necessary to get what the United Nations needed. When greater production was necessary in order to obtain the required supplies, he applied to Selective Service for more men to work in the lumber camps and saw mills.

After Japan captured our chief sources of rubber, the Rubber Controller took steps to preserve existing supplies and to produce synthetic rubber. The Oil Controller rationed gasoline to leave more of the fuel free for the machines of war and the rubber industry. On the order of the Transit Controller, stenographers and shop clerks were assigned "staggered" working hours to make the street cars and buses a little less crowded.

How about Rations?

RATIONED COMMODITIES

To people in Europe, Canadian food rationing was like no rationing at all. Actually the system was used to even out distribution as well as to reduce the total amount used. Tea, coffee, preserves, butter, sugar, meat and gasoline were on the ration list, but for normal living there was enough of everything.

The list of rationed goods was kept as short as possible, even to the extent of not rationing several things of which there was a real shortage. One reason for

that is to be found in the difficulty of administering rationing in such a large country with a widely scattered population.

The rationed articles were usually those most affected by transportation difficulties. As transport conditions changed, it became necessary to adjust the rations. This could even mean *increasing* home consumption of home-grown foods at times. Thus, food grown for shipment to Europe might have to be distributed at home simply because Atlantic shipping was overloaded. Some of us saw a similar situation in miniature in Normandy: the farms had food to spare, while the city people were going without. The bottleneck: transport. If Normandy farmers were often well-fed, is it surprising that Canadians were too?

WELL-FED
MAY NOT
MEAN SELFISH

Rationing had other effects. It slowed and regulated spending, so more of the national income was left to pay for our implements of war. We didn't have to borrow outside Canada to finance our war effort. Gasoline rationing and the end of private motor car manufacturing meant great conservation of precious rubber, and so on. The economic mechanism of a community like Canada is so close-fitting that every alteration will have secondary effects—some of them unforeseen.

COMPLEX
EFFECTS ON
RATIONING

Did Controls Work?

The Wartime Prices and War Labour Boards established prices and wages, generally at the levels which existed in October 1941. The idea was to keep the cost of living on an even keel.

Price controls have been good things from our point of view. Because of them we will find on going home that our dollars and bonds will buy almost what they did before the war. Soldiers in the last war weren't quite so lucky. There were no over-all price and wage ceilings in those days. The result was that by 1920 it took almost \$2 of the returned man's money to buy what he could get for \$1 in 1914. In other words, his real pay and savings were cut in half behind his back. This time we have learned how to do much better.

WE'VE
LEARNED
SINCE 1918

Who did Production Staff-work?

MUNITIONS
AND SUPPLY
DEPT.

At the top of the whole structure of production and controls was the Department of Munitions and Supply. This department's job was to direct and co-ordinate Canada's industrial organization.

CONTROLLERS

It handled all war supplies. It let all contracts and allotted orders of war supplies in Canada, for our forces and those of the United Nations. The controllers of raw materials were members of this department and through it supplied the required goods for the production program.

BUILDING OF
FACTORIES

The people through their government went into business on a larger scale than ever before. Besides aiding production by converting and expanding existing plants, the government built new plants and established entire new industries.

In Ontario alone the new crown properties and companies are worth half the value of all the pre-war manufacturing industries in the province. Of the total expenditure for war plant construction in Canada, more than 70 per cent was undertaken and financed by public money.

How were War Plants run?

Let us look at what happened when the government got an order for goods never before made in Canada, and which would almost certainly not be needed in the post-war period.

GOV'T. PLANTS
PRIVATELY
RUN

The first method was for Munitions and Supply to order a private firm to build, equip and operate the needed plant at government expense. The department would then buy the goods produced at cost plus a fixed percentage, or else pay the firm a management fee. The government might give the firm an option on purchase of the plant at the end of hostilities, or take a chance on being able to dispose of it.

CROWN
COMPANIES

The second method was the establishment of twenty-eight Crown Companies. A Crown Company might build factories and do the job itself, or let contracts and supervise production. In this way most of the expansion in the chemical and ship-building industries

has been accomplished.

The third method is to have private business build the plant with its own capital, allowing it special tax reductions. Less than 30 per cent was undertaken and financed by private industry in this way.

PRIVATE
PLANTS

How did the Worker make out?

If we were to ask a Canadian worker to compare conditions of work in Canada during the war with those which existed before, he would probably reply something like this:

"During the war there was a job for everyone and that fact overshadowed everything else. There were disadvantages. I had to take the job that Selective Service gave me and go where it sent me. There were plenty of non-essential jobs I wouldn't have been allowed to take, even if they had been offered to me.

SURE OF
A JOB

CHOICE OF
WORK
LIMITED

"I worked longer hours than ever before and there was a ceiling on my wages. But these things I took for granted because I knew they were necessary in wartime.

"On the other hand, when I worked in a war industry my right to join a union was guaranteed by law. I felt more secure than ever before because I knew that if I was ever out of work during the war years, there would always be another job for me to go to."

UNION
SECURITY

Workers in war industries were entitled by law to bargain collectively with their employers; and labour as a whole gained a more favourable position. As a result, union membership increased rapidly during the war. Where there were 360,000 union members in 1939 there were approximately 700,000 in 1945.

MEMBERSHIP
UP

Although strikes were front page news when they did occur, they occupied less than one-twentieth of one per cent of working time. In requesting higher wages in war time the unions took the position that in many cases these were necessary to take care of the higher cost of living—the price ceiling wasn't perfect—and in others to improve wage standards where they were abnormally low before the war.

STRIKES
DOWN

Labour-Management Committees

During the war labour played a new role. In over 300 factories, labour-management production committees, made up of representatives of both labour and management, were established to assist in the planning of production. These committees met regularly to discuss methods of increasing production, improving efficiency, conserving materials, and preventing accidents. Union matters such as wages were out.

Employers are agreed that besides improving production and affecting a considerable saving in time and materials, the committees resulted in better labour-management relations. Labour believes that it has proven it has a real contribution to make in the planning of production, and asks that the government include representatives of labour on various planning boards in future. In some reconstruction agencies, this has already been done.

Women in Industry

New positions opened up by wartime expansion and as a result of men entering the services, drew more and more women from the kitchen into shop and factory. From the first they received a welcome in the new aircraft factories. Older concerns, such as the automotive industry, were slower to employ female workers. As the need for labour grew, however, all branches of industry opened their doors to women.

ALL KINDS
OF JOBS

They took on all kinds of jobs formerly done only by men. They rivetted ships, welded aircraft, worked as machinists, drove streetcars, and did innumerable other jobs likely to make their grandmothers turn in their graves.

More than a million women were employed, nearly twice the number employed in 1939. They filled one job in four in war plants, one in three in all industry.

WOMEN NOT
DRAFTED BUT
DIRECTED

Women were not mobilized as in Britain, but when they offered to work they had to take the jobs to which Selective Service assigned them. Many moved voluntarily from their homes to jobs in other parts of

Canada. Arrangements were made to take care of children while their mothers were at work.

The result of the combined efforts of management and workers—male and female—was that the value of all production in Canada was up 85 per cent in 1943 over 1939, although the total number of workers increased only 15 per cent.

Was Management Happy?

Management, too, was subjected to wartime controls. In every important line prices were fixed and standards of production set by the government. Production of many types of goods was completely forbidden. The manufacture of others depended upon permission being obtained from the controllers to use the necessary materials. In other words, management too had much added work to do, with fewer to do it. Excessive profits were taxed and war contracts were re-adjusted as production became more efficient.

Like labour, management also found the war period had its brighter side. Manufacturing firms in particular expanded during the war, while profits after taxes were paid remained close to pre-war levels.

MORE
PRODUCT PER
WORKER

PRODUCTION
RESTRICTIONS

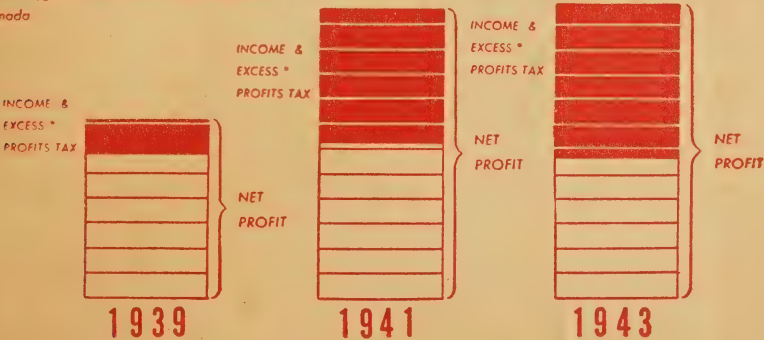
ALSO COM-
PENSATIONS

PROFITS UP — BUT SO ARE TAXES

These figures are taken from a survey of 665 corporations, representing somewhat over 50% of total corporate production in Canada

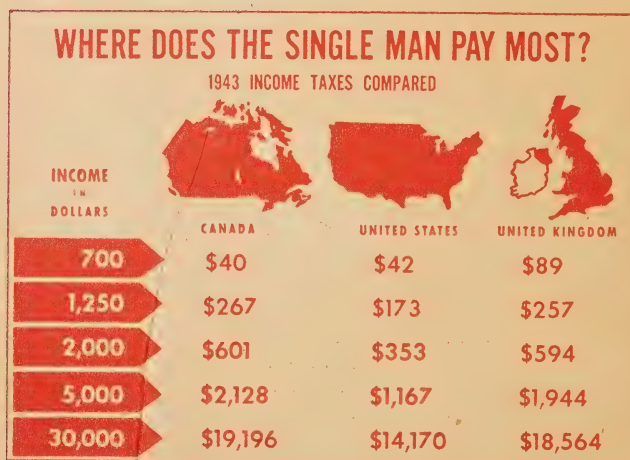
* Excluding refundable tax portion

Each coin equals \$50 million



QUESTIONS

1. Do you think Canada's war effort was slow in getting under way? Why? What did other nations do?
2. Do you think Nazi war strength was under- or over-estimated at the opening of the war? Why?
3. What do you know about wage controls in Canada? Cost-of-living bonus?
4. Do you know anything about the working of labour-management committees in Canada or the United Kingdom?
5. What sort of differences will the big increase in union membership make in Canadian life?
6. Should women workers get equal pay for equal work?



Is the Production Record Impressive enough?

Some say Canada has produced as much as she could have, others think our wartime product has not been as big as it might have been. The figures we've seen don't settle the matter, but they should render the arguments on both sides more reasonable.

How do we Tally the Work Done?

The rate at which guns, ships, planes, vehicles, food, clothing and all the other supplies are turned out—and the amount of human sweat that went into those supplies—is recorded for convenience in terms of dollars. For every day a person spends in the Service—or at a lathe, down in a mine, threshing wheat, or pulling teeth for that matter—he gets a pre-arranged number of them.

WHAT ARE
DOLLARS?

The Government could make twice as many bills, but only at the risk of having each one prove half as valuable in exchange for the work we can do.

Dollars may come straight from the Public Treasury; or from a private employer. Or the dollars may have to be collected from each individual who gets the handiwork or service they represent. In wartime, since the government, acting for the nation as a whole, is the largest single buyer of what is produced, more of the income of Canadians comes from public funds, in the long run, than from any other source. In 1943, for instance, payments made by the Federal Department of Munitions and Supply alone for war supplies, etc., totalled about two-fifths of all the payments made to everybody in Canada. In peacetime, we have never had any one big customer buying at such a rate.

THE BIG
CUSTOMER
IN WARTIME

The Five Billion Dollar Deal

COST OF
THE WAR
PER DAY

1943 was the year in which our production program really got going full speed; the mills were nearly all built, the products had been tested in battle, and the workers were experienced in their new jobs. That year the war cost the public accounts nearly \$5,000,000,000. Just to save you working it out, that's about \$1.11 a day for every man, woman and child in the country.

Where did it all come from? How did we afford it? Actually it took a war to make us learn how such a major job of financing could be done. We didn't know the technique in depression times—or at least didn't risk trying it.

We all know that there are Victory Loans and taxes and that the proceeds from both go to providing the money to keep war production mounting. But more than one newcomer to Civvy St. has been surprised to see what a hole was made in his pay cheque by taxes deducted by his boss for the government. In Canada that's a relatively new way of collecting taxes. But that isn't the only way he'll pay—or the only kind of tax.

Why do we have to be Taxed?

FOR SERVICES
TO PERSONS

PROTECTION

TO STEER
OUR ECONOMIC
SYSTEM

Unless some one is bold enough to want to do away with all kinds of governments then there will have to be taxes of one kind or another. And it wouldn't just be a question of doing away with governments, but of doing away with the services provided by them—public health, education, fire protection, police protection. All these services are provided by government out of taxes. There is another less obvious set of reasons to justify the existence of certain taxes. Statesmen and economists sum them up in the phrase "Fiscal Policy." Taxes can be raised or lowered so as to encourage or discourage saving, or to encourage manufacturers to expand their plants and so help provide jobs. Taxes have to be judged by the effect they have on the tax-payers and on the country as a whole. We'll have more to say about that in later talks.

How are Taxes Collected ?

Three different kinds of governments collect taxes in Canada. The Federal Government in Ottawa, the governments of the provinces, and finally the towns and cities and municipal governments all across the country. Different kinds of laws lay down the kind of taxes that each sort of government is allowed to impose. The British North America Act sets forth (somewhat vaguely) the taxing powers of the Federal government and of the provincial governments. (The problems involved in this division of powers will be discussed later.) The provincial governments delegate certain taxing powers to their municipalities.

The Kinds of Taxes we Pay

Towns get most of their tax revenue from taxes on real estate (land and buildings). Such a property tax is a percentage of the assessed value of the building or land. Provincial government tax-revenues come from such taxes as those on liquor, gasoline, licenses, amusements and luxuries. They usually collect revenue from timber cut on government land or royalties on mineral production from government lands. Provinces levy succession duties and income taxes. During the war years the provincial governments have given up in favour of the Federal government, their right to collect personal and corporation income taxes. In this way the Federal government was able to set a uniform income tax rate for all Canadians. In return the Federal government has allowed each province a lump sum each year.

The Federal government also collects duties on many types of goods brought in from abroad.

During the war, extra taxes have been imposed on the profits of corporations. Taxes are adjusted with the aim of preventing a company from making substantially greater profits than it did in a normal peacetime year. It wouldn't have been hard to make huge profits under wartime marketing conditions—scarcity of some products, large orders, sure buyers, products that are hard for the buyer to price, etc.

REAL ESTATE

LIQUOR
LUXURIES

NATURAL
RESOURCES

INCOME

ESTATES

CUSTOMS

EXCESS
CORPORATION
PROFITS

Which are the most important Taxes?

Of these different taxes, the personal income tax is by far the largest source, contributing over two-fifths of all the Dominion's tax revenue; the taxes on excess profits and corporation income each contribute another fifth, and the sales tax about a tenth.

Are Income Taxes fairly set?

WAYS TO
COLLECT
TAXES

Income taxes for most wage-earners are taken off and sent in to the Department of National Revenue by the employers, before the wages are paid. This saves a lot of grief and arithmetic. People working for themselves have to do their own saving until the bitter end of the year. In either case the same income pays the same taxes.

CAN A TAX
BE PER-
FECTLY FAIR?

The fairer the tax law is, the more complicated the tax form is likely to become, and therefore the more expensive the process of collection and checking. Obviously there are limits to the personal circumstances which can be taken into account in assessing each worker's tax. Some people think the hundred or so items to be filled out in the 1944 general form make it as near to perfect fairness as it can be without exhausting their mathematical powers.

ROBIN HOOD
IN REVERSE

A few service types have got the impression on their return to a job in Civvy Street that they are now being asked to pay for whole battles. So they wonder if the top people are getting as heavily soaked.

WHICH GROUP
PAYS BIGGEST
TOTAL?

The biggest part of income taxes is paid by people with incomes between \$1000 and \$5000 a year, simply because there are a lot more of that sort of people. No matter how you cut into incomes above that group, there are so few of the high ones that the added revenue would make little difference to the public kitty by comparison with the revenue from the much larger group of middle incomes.

There's another angle: if everyone's pay were frozen at about the level of a senior N.C.O.'s, there would be less incentive to do the work of a general. Good generalship is as necessary—and as useful to every-

body—in Civvy Street as it ever was elsewhere. The high demand for it makes able leadership expensive.

Net Income Tax Shown As a Daily Figure
(1/365 annual tax)

INCOME	Single	Married No Children	Married 2 Children
\$700 a year (average teacher) income of \$1.90 a day	5½c	nil	nil
\$1250 a year (better-than-average householder) income of \$3.40 a day	\$.46	\$.07	\$.04
\$2000 a year (average doctor) income of \$5.50 a day	\$1.20	\$.63	\$.30
\$5000 a year (big city bank manager) income of \$13.75 a day	\$4.70	\$3.75	\$2.90
HOW ABOUT A BIG SHOT? \$30,000 a year (senior executive) income of \$82.00 a day	\$51.00	\$48.00	\$46.50

From the table we can see that bigger incomes pay much bigger taxes. But suppose we put no taxes on incomes up to, say, \$2000, and took everything above that in taxes? An examination of income distribution shows that the public kitty would be less prosperous than it is now—in other words that wouldn't be as successful a

**WHY NOT
TAX INCOMES
TO ONE LEVEL?**

way to go about winning a war, or reconstructing a peace, either.

Who pay more Income Tax than Canadians?

Reading American or British papers, one sees a lot of good-natured banter (especially near the end of the tax year) heaped upon the Secretary of the Treasury and the Chancellor of the Exchequer. Our own Receiver-General has taken his share too; but you sometimes get the impression that the big shots of each country consider themselves the most heavily taxed people on earth. (See table p. 32.)

By seeing the facts, instead of hearing opinions in an informational vacuum, we can satisfy ourselves that there is really not so much to choose between the three tax systems. One thing is clear, though. Canadian single men at the bottom of the scale pay less than either their American or British comrades. By the time you get up to \$1250 a year (which is a little above the income of the average Canadian householder) the Canadian is paying as much as his American cousin. And when you get up to \$5000 a year (about an unmarried colonel's pay) the Canadians at home begin to pay slightly more than their British opposite number.

Without taking time to explain the reasons, it is of interest to note that the unmarried Canadian in the higher brackets, generally pays slightly *more* income tax than a person of corresponding income in other United Nations, but that more allowance is made in Canada for the expense of running a house and rearing a family. You might consider whether this seems to be a democratic solution of this war finance problem.

Do War-workers roll in wealth?

Most of the income figures we've been looking at are for civilians. There is sometimes a feeling abroad in the Services that civilians are making gobs of money out of war work. Again, let's check the facts!

Probably the greatest part of munition making takes place in the industries grouped by the statisticians as 'Iron and Iron Products.' In 1943, the average

annual wage for men and women in that group was a little under \$1600. (Looks like a Lieutenant's pay, you say.) But there's another side to it. Out of his \$1600, the steel worker buys his own lunches, clothes, transportation, medical and dental services, and entertainment, and pays taxes. A good few of these things the Serviceman gets free, or at reduced rates.

CIVILIAN PAY
IS NOT
SERVICE PAY

In Canada in 1943 those items sliced that \$1600 down to less than \$1100 in ready cash. That is about \$3 a day — something between a private's and a corporal's pay, supposing he's overseas and has a wife drawing Dependents' Allowance. In other words, the average wage in the most highly-paid type of manufacturing is not very different from the really comparable average pay in the services.

THERE'S NOT
MUCH REAL
DIFFERENCE

Are all Taxes as Fair?

Every package of matches, every bottle of coke, all candy, jewellery, and every item in a host of other lines, is taxed either as it leaves the factory or as it crosses the counter into the final purchaser's hands. This happens whether the purchaser is at the bottom or top of the salary ladder; but most of the taxes are applied to things that are no more necessary to the one than to the other. Some of these taxes are also put on things made of precious materials or requiring rare skills for their manufacture. Conserving these things during war is as much in the interest of the man who was not wealthy, as of the man who was.

OTHER
REASONS FOR
TAXES

LUXURIES AND
SCARCE
MATERIALS

There's no getting away from the fact, though, that these sales taxes are really paid by the final buyer, regardless of his relative ability to pay them. And for some goods that may be serious. The reason why there are a lot of these "indirect" or camouflaged taxes is simply because people notice quickly an increase in direct tax on income, but frequently don't know why the price of chocolate bars is up a cent—and if they once knew, they quickly forget. In other words, fair or not, the indirect tax produces less ill-will—and ill-will can destroy any tax plan, and so obstruct the war or reconstruction effort of which it is a part.

SNEAKING
TAXES

What about Soaring Profits?

**EXCESS
PROFITS TAX**

During the war, controls over the profits of Canadian companies have become progressively stricter. At present the scheme is this: the period 1936-1939 is taken as a yardstick for profits. Any profits are taxed. *All* the profits are taken by the Receiver-General which are above seven-sixths of the annual profits in the yardstick period. Of that total 20% will be refunded to the companies concerned after the war. It's plain that this tax has teeth. Of course 1936-39 were better years for some companies than for others—and that has called for some readjustments in special cases. (See chart p. 31.)

Another kind of Money—Victory Loans

**IS IT A WAY
TO PUT OFF
PAYING?**

About half the cost of the war in Canada is raised by the sale of Victory Bonds and War Savings Certificates. Some people have said: "Fine! This is a war for posterity; let posterity pay for it!" But it's not so simple as that. Remember that dollars are just a way of tallying work done. The sweat that goes into making a plane or a ship or a tank has to go into it **NOW**, not later.

**IT'S A WAY
TO PUT OFF
DOING NON-
WAR WORK**

What Bonds really represent, is an agreement on the part of some individuals that they won't ask for fur coats or automobiles till later, so that we can all concentrate now on making greatcoats and universal carriers. In return for this agreement, the whole nation tells these people they can have their fur coats and Packards (with interest for sure,) but later.

How Big are our Loans alongside our Taxes?

One indication to the Serviceman of the solid backing he's been getting from the whole population is to compare the amounts loaned voluntarily to the nation, by individuals, with the amounts our people had to pay in income taxes. In 1944, the total of Canadian wages and salaries works out at about \$600 for each man, woman or child in the population. Out of this sum, the people bought bonds and certificates equiva-

lent to about \$135 for every man, woman or child, in the loan campaigns of that year; and withstood the temptation to spend another \$40 per person which was put into savings deposits. The banks in turn devoted much of the savings deposits to war bonds. So Canadians may be said to have abstained from personal buying, and to have aided the war effort on the average, to the tune of over a quarter of their income. On top of this, the bill for income tax was about one-eighth of the total income.

This will bear repeating: the Canadian contribution to war expenditures in 1944 amounted to about three-eighths of the wages and salaries, and of this contribution *twice as much was voluntary as was compulsory.*

What Happens if some people insist on buying Civilian Goods?

We know there is cash in people's pockets, and that there is a limited supply of non-war goods available. We've all seen what happens in an auction room when a chair is put up for sale on pay-day. Normally it might be worth, say, two days' work. But if there's only one chair, and three people want it badly, they'll bid against each other, and the fellow who finally gets it will probably have to give his whole week's wages for it. What happens if this kind of chair fetches this high price each week? It means that everybody has to work three times as long to get a chair. If the same thing happens to the prices of all civilian goods, it means that wages (or re-establishment credit—or what have you) have really shrunk to one-third, in terms of what they will buy. It means that a dollar buys only a normal 33c worth of work—no matter what the little numbers on the pay-envelope may say.

LOTS OF CASH

PLUS

**SCARCITY
OF GOODS**

EQUALS

Now naturally workers will soon see their real standard of living going down, and as a result they will ask for higher wages. This only raises the cost of other people's chairs, or hats, or what-not. And so on.

Actually, this sort of thing has happened before—in Germany just after the last war for instance.

INFLATION


People who had to spend all their wages to live were the first to suffer, but people who had also been putting a little money into savings probably were the hardest hit in the long run. At least the wages could be increased; but the savings shrank and shrank. Typical were shop-keepers, who had to save for seasonal buying or seasonal slack periods, and pensioners, whose income was fixed on paper, but was really slashed.

How Different is Economic Navigation in Peace?

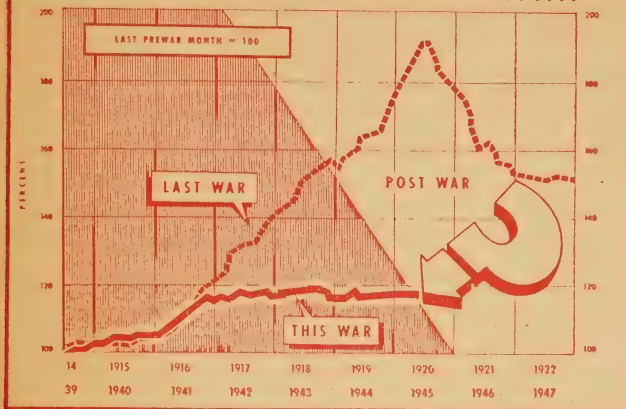
Between September, 1939, and December, 1941, the cost of the things most people buy (tabulated by the statisticians as the Cost-of-Living Index) rose quite rapidly—especially the cost of food. This was to be expected with people working while supplies for civilians were being restricted to meet military commitments. To let this rise continue might have run our whole economy on the rocks. So the Minister of Finance set up a Board to fix the prices charged for all sorts of goods. This also was done in the last war, but not until all prices had gone up—food and clothing nearly doubled. Everybody could share in keeping prices fixed. The co-operation of consumers was invoked. Shoppers were asked to report all violations of the price ceiling. Successful protection of our dollars, in

CANADA IS
NOT IMMUNE

BUT WE
LEARNED
SELF PRO-
TECTION

HOW MUCH MORE DOES IT COST TO LIVE?			
		1939	1945
	CANADA	10¢	12¢
	U. S. A.	10¢	13¢
	U. K.	10¢	13¢
	SWEDEN	10¢	15¢
	MEXICO	10¢	21¢

LOOK AHEAD AT YOUR COST OF LIVING....



war or peace, is called 'Economic Stabilization'. Canada in war has been as successful as any nation. But the years following the war will be the real test. (See charts.)

QUESTIONS

1. How many kinds of taxes can you name?
2. What is the chief source of tax money for towns and municipalities?
3. What constitutes a "fair tax?" Is the "income" tax fairer than "sales" tax? Why?
4. Were price-fixing and wage-freezing necessary to keep prices stable? Can you suggest any alternatives?

5

CAN WE KEEP IT UP ?

WHY SO
ENERGETIC
IN WAR?

In this series of talks, we have looked back hastily at the achievements of Canadians in the war years. In battle, in world conferences, in making and harvesting goods, in managing our money machinery, our record has been creditable. But shall we leave it at that? Is our major concern merely the *numbers* of troops, ambassadors, groceries or dollar bills bearing the word CANADA? Are we not more interested in the reasons *why* so many of our countrymen struggled in so many different ways? And how is it that we learned to do so much more than we thought ourselves capable of in 1939? Most of all, can we find a way to apply that drive and energy and teamwork to the problems ahead? Can we use what we have learned? Can we see our new objectives as clearly? Exactly how shall we be able to keep the wartime pace in post-war years?

What held us together in War?

CO-OPERATION

It's been said many times that the democracies have been able to come out on top only because we learned how to co-operate—to merge armies, to pool supplies, to subordinate special ambitions to the main purpose, and to declare rising profits and rising wages out of bounds.

PLAIN PURPOSE IN WAR

Some may say that we did all this because we had to. It was the only way we could save our skins. Co-operation was forced upon us. Does that mean that once the German High Command and the Japanese war lords are really buried, there will be no need for the kind of wartime co-operation that was so successful? The answer to that is fairly clear. Hitler, Mussolini and the Japs haven't been our only problems.

IS MILITARY
VICTORY
ENOUGH?

War Aims and Peace Aims— which are clearer?

For many of us the 1930's were far from being happy times. But there seems to have been some difference between the threat of depression and the threat of conquest by Hitler. As a nation we never got wholeheartedly or successfully mobilized to provide jobs in the Hungry Thirties. *We were* able to get mobilized to beat Hitler. The United Nations team which achieved the military victory was a magnificent example of international co-operation. The first of its kind. Why did it take war to show us the kind of effort we could make?

**TACKLING WAR
BUT NOT
DEPRESSION**

To some people the answer is simply that the issues of the war were clearer, could be seen more clearly by more people. But the breadlines in depression years should have been just as clear. At least if we look for clarity we will very often find it. For instance, it is mathematically certain that if the chances for babies to live in Canada had been made as good as they were in the 1930's in Oslo, Norway, we could have saved an infant Canadian citizen's life at home, for every adult Canadian life we have lost in Europe since 1939.

**PLAIN NEEDS
IN PEACE**

Actually, we were losing two babies at home for each of our men who were being killed in action. Clear enough—but only because we took the trouble to look up the facts.

War Methods and Peace Methods which are more direct?

One of the reasons for directness of action in battle is that both the citizen who is given authority to command in all matters, and the citizens who have undertaken to obey, want the same simple thing: to seek out the enemy; and to eliminate his effective force.

**DEMOCRATIC
MILITARY
ADMINIS-
TRATION**

In ordinary life, as we shall presently see, different citizens are given authority—or earn it—in different matters. And many different objectives are being tackled all at once. This sounds messy, when compared with battle order. It needn't be. During the greater part of the time large groups of citizens want a few

**DEMOCRATIC
CIVILIAN
ADMINIS-
TRATION**

important things more than anything else. When they study the matter a bit, they often discover that sensible ways are open to them to get the things they want, and to fill the needs they see.

**FORTH-COMING
DISCUSSIONS**

In 1945, the thing that most citizens want above all else is plenty of jobs—or in other words, Full Employment. In the next group of discussions we shall examine together the means by which we may all get to work to fill our wants. Later on, we'll look at some of the Canadian difficulties in greater detail. Finally, we shall discuss the process by which we, the people, can sort out our wants and fears, and deal with them on a priority basis. The community where larger and larger numbers of thinking people are consulted by those who make the decisions, and where the people themselves take part in carrying through the decisions arrived at by consultation, can truly call itself a democracy.



BOOK LIST FOR MANUAL No. 2

1. ARMED FORCES

Canada at War (War Diary)—Wartime Information Board.
The War (Annual Volumes)—E. McInnis—Oxford.

2. UNITED NATIONS

Behind Dumbarton Oaks—W. L. Morton—(Behind the Headlines)—
Canadian Institute of International Affairs.

Dumbarton Oaks Proposals—Wartime Information Board.

The Nations have Declared (2 parts)—L. Savage—Canadian Institute of
International Affairs.

U.N.R.R.A. (Organization, Aims, etc.)—U.N.R.R.A., Washington; or War-
time Information Board.

Canada and International Civil Aviation—W.I.B.

Bretton Woods—W. T. G. Hackett—Canadian Institute of International
Affairs.

Canada after the War. (Includes book list)—Brady & Scott—Macmillan.

Canada Grows in External Status. (Canada at War, Oct. 1944)—W.I.B.

The World is our Oyster. K. R. Wilson—(Behind the Headlines)—C.I.I.A.

3. WAR SUPPLIES

Industrial Front (Annual)—Dept. of Munitions and Supply, Ottawa.

Wallnews (Monthly Industrial Information Sheet)—W.I.B.

Canada at War (Monthly Summaries and Special articles)—W.I.B.

Victory in the Making (Labour-Management Production Committees) —
W.I.B.

4. WAR FINANCE

Canada at War (Summaries)—W.I.B.

See also the following issues of CANADIAN AFFAIRS:

A Chance for World Security—H. G. Skilling—May 1, 1945.

Canada and U.N.R.R.A.—M. Tevlin—September 15, 1944.

Skyways of the Future—F/L. W. Ward—November 1, 1944.

Canada—World Trader—F. A. Knox—March 15, 1944.

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Our Latin-American Neighbours—A. Anderson—June 1, 1944.

Where Does Labour Fit In?—D. Petegorsky—February 1, 1945.

Price Controls for Victory—J. F. Parkinson—May 15, 1944.

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